



## STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS  
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### MEMORANDUM

**DATE:** March 23, 2021

**TO:** Luly Massaro, Commission Clerk  
Rhode Island Public Utilities Commission

**FROM:** Tiffany Parenteau, Esq.  
Rhode Island Division of Public Utilities & Carriers

**SUBJECT:** Docket No. 4686 – Narragansett Electric Co. d/b/a National Grid’s Request for Approval of Storm Contingency Fund Replenishment

On March 12, 2021, The Narragansett Electric Company d/b/a National Grid (“National Grid”) filed a petition with the Public Utilities Commission (“PUC”) to continue the supplemental Hurricane Sandy annual base distribution rate contributions (“Hurricane Sandy Supplement”) to the Storm Contingency Fund (“Storm Fund”) and to continue the Storm Fund Replenishment Factor (“SFRF”). More specifically the petition requests to (i) continue the annual Hurricane Sandy Supplement of \$3.0 million for deposit into the Storm Fund; and (ii) continue the SFRF for purposes of continuing to generate annual contributions which are credited to the Storm Fund (currently approximately \$20 million annually). Without an extension, the Hurricane Sandy Supplement will expire on March 31, 2021 and the SFRF will expire on June 30, 2021. National Grid is requesting that both contributions be continued through the end of the current multi-year rate plan (expected to conclude August 31, 2022).

The continuation of the Hurricane Sandy Supplement and SFRF will not result in a bill increase for customers. It will also help replenish the Storm Fund which lowers costs for customers by reducing carrying costs of the Storm Fund deficit balance. The storm fund balance at the end of 2020 is approximately a negative balance of \$115 million. If the two funding streams expire, the negative balance will continue to grow and add additional interest costs that ratepayers will eventually have to cover. This would put upward pressure on future rates. Continuing the funding at this time does not change current rates. Any continuation beyond the current multi-year rate plan can be considered as part of the Company's next general rate filing and subject to an in-depth review of the appropriate funding level.

The Division has reviewed the dockets, orders, and tariffs relative to this petition and finds that the requested continuations are reasonable and in the interest of the ratepayers. The Division supports the continuation of these contributions as requested in the petition.